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# ANALYSIS

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**Topics:**

- NATO's Smart Defence
- European Union's Pooling and Sharing

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## IS A MORE ASSERTIVE EUROPE POSSIBLE THROUGH POOLING AND SHARING INITIATIVES?

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It is hardly rocket science, achieve more by pooling and sharing resources that are already available within many different parts of a complex system. To put it into a perspective, maximum utilization has been one of the mainstays of any production cycle since early days of organised human life. However, for two of the world premier security actors, this presents a daunting paradigm shift. Two ambitious initiatives – NATO's Smart Defence (SD), and European Union's Pooling and Sharing (P&S) now face same old issues that have kept European defence cooperation lagging behind other policies for years.

Europe's persistent inability – to live up to its ambitions when it comes to projection of power abroad – has been much lamented before. Strategic "disablers" of EU's defence are well known. First, policy it is supposed to grow from is not supranational; it is highly dependent on accommodation of diverse and often conflicting national interests. Second, a genuine leap forward in defence capabilities would come at a price exceeding many of members' abilities, now more than ever.

There are two factors now that make this strategic inability more obvious today than, for instance, ten or five years ago. First is the omnipresent economic crisis, whose effects on defence budgets have been deliberated extensively. Program cancellations, changed equipment orders seem to be the order of the day. For the poorer EU members, any substantial investment in capabilities seems to remain unlikely for years to come. As Clara O'Donnell had said, "what we are seeing is basically cuts in capability and little thought on what to replace them with" (Bandow 2013).

Since many of EU members are also present in NATO, two alliances share the same concern. Recently, NATO Secretary General said how "there is a lower limit" on how little can be spent on defence. The limit was supposedly set in 2006, when NATO members promised to devote at least 2% of their GDP to defence. Yet today the Europeans collectively spend no more than 1.6% of GDP on defence, an astonishing one-third of America's 4.8%. Furthermore, NATO members pledged to annually spend 20% of their military budgets on procurement (of new weapons and equipment). As of 2013, just five of twenty-eight NATO members actually do so (Ibid). It is quite clear that an approach shared by two organisations presents the way forward.

Second factor is the on-going "Asia pivot" in Washington's foreign policy. With the US turning to the Pacific, Europeans will be once again asked to do more. In this particular account, recent record has been anything but successful. Even in Africa, where the EU has accumulated significant experience in peacekeeping since it had inaugurated ESDP in 1999, the Union has remained "paralyzed [...] unable to do more than offer rhetorical support to France and the individual member states that are chipping in with logistical assistance" (Whitney 2013). Mali is no exception – think of Chad or Congo before that. As much as it has contributed to operations being feasible, the "leading nation" principle has hurt burden sharing, still considered a cornerstone of future deployments.

Plus, leading nation can do little if it itself hasn't got the right "tools". What Americans understand as equipment "fundamental" for operations – "air-to-air refuelling tankers, cruise missiles and ships" (Coughlin 2013) – even the rich EU members are in short supply of. For instance, in Libya, these assets, known as "strategic enablers" had to be provided by the US up to a rate of 90% (Biscop 2012: 1). One might argue, therefore, that despite all the high level (verbal) commitments, no real progress in ensuring Europe's defence autonomy has been made since the Kosovo War.

## What is the relation between SD and P&S?

It was no surprise then when in December 2010 the EU launched the "Ghent Framework" for P&S of military capabilities. NATO followed EU's suit just months later, when at the Munich Security Conference held in February 2011, its Secretary General announced the SD. Both more concepts then actual policies, they came from the same reasoning: do more with what is already available, "on the table", or what is being planned ("on the shelf", to keep with the analogy). Idea of Permanent Structured Cooperation (PSC), first put forward by the Treaty of Lisbon, was all about capacities – human (actual contribution to and deployment in a mul-

tinational force) and material (to pool resources in the fields related to defence equipment acquisition, research, funding and utilisation). P&S came to be as no PSC was established. Instead of developing their own separate programmes, EU member countries promised to jointly seek cost-effective solutions. In that sense, SD was "very much a NATO reaction to the dynamic [...] initially generated in the CSDP" (Biscop 2012: Ibid).

The EU has gone further by operationalizing P&S through European Defence Agency (EDA). For the EU member states, P&S is not only about cutting costs of maintaining and upgrading defence capabilities, but also undertaking new capability initiatives, which will address the very strategic enablers we have mentioned. P&S announces more significant European contribution to NATO's capabilities development, all with the goal to manage defence in "smarter" way (Ibid). Or, translated to the "language" NATO, and more specifically, US understands, "the aim is for the Europeans to pay for a European capacity [...] allowing US capacity to be diverted elsewhere". P&S may therefore be understood just as an aspect of SD, only very ambitious and highly complex – an expression of a desire to promote modern managerial practices in what is otherwise a slowly reforming sector. Ultimate goal desired by Brussels would be for Europe to achieve strategic autonomy, as we have previously said, a view shared by Sven Biscop; something EU has been searching for since the end of the Cold War.

Capability development through the CSDP and NATO is however "100% compatible" (Biscop 2013: 5). These capabilities can be deployed in any given framework, be it UN, EU or NATO mandated (or led) operation. Apart from pooling and cooperation, both the P&S and SD comprise notions of prioritization – which capabilities are to be maintained in the first place – and specialization – referring to capabilities which should be provided through burden (role- or task-) sharing.

Writing in their 2012 analysis, Centre for European Policy Studies' Giovanni Faleg and Alessandro Giovannini have asked whether the EU's defence market structure is really encouraging P&S. What these two researchers saw was a sector teeming with protectionism and diverging strategic interests, too strong to allow for openness and liberalisation. While they insisted how a "fully-fledged EU defence system and market remains unattainable due to political and strategic considerations", Faleg and Giovannini claimed how "piecemeal progress is possible and viable", especially if "boosted by a credible NATO call for 'more Europe'" (Faleg and Giovannini 2012: 2). SD is therefore as political as any high level initiative can get. With the austerity measures really kicking in, verbal commitments appear hardly sufficient. So far, according to O'Donnell, "smart defence initiatives have saved less than 1% of spending cuts that were imposed since 2008" (Bandow 2013). Rasmussen's call for "more" came as "some European states were essentially disarming" – all the European members except Britain, France and Germany account for just 7.5% of NATO's expenditures (Bandow 2013).

Reasons for this are several. Again according to Faleg and Giovannini, joint procurement projects can hardly resist the challenge posed by national rivalries. Also, with no EU Battle groups ever deployed, there is no tangible operational experience, or a corpus of lessons learned that could provide the necessary push. Finally, there is protectionism as there are geopolitical considerations. Pressure on national defence industry grows as it is presented

with a "triple challenge", as Financial Times' journalist understood SIPRI's recent analysis: while fiscal austerity is shrinking home markets, they face more competition overseas and are shut out from the two fastest growing big markets – China, because of sanctions prohibiting military sales, and Russia since it strongly favours domestic production (Hoyos 2013).

## Whither smarter defence?

There are principal preconditions upon which operationalization of P&S – by now the most comprehensive of "smarter defence" initiatives – depends. First is the necessity to have European defence market liberalised. That would lead to more competition among defence companies, removal of national barriers, and would further imply what Faleg and Giovannini have labelled "Europeanization" of part of the member states' defence budget (Faleg and Giovannini 2012: 3). And finally, European autonomy calls for a platform for coordination between members of both alliances (Biscop 2013: 3); something that hasn't really been thought through.

On a more practical note, for it to work, P&S should be preceded by coordination of defence planning between countries (EU members) interested in deepening their cooperation (Valasek 2013; Sedivy 2013). For instance, Nordic countries, pioneers in many aspects of defence collaboration, went as far as seconding (exchanging) officers tasked with defence planning in each other's respective ministries, thus easing the way for joint procurement. Second, partner countries should re-visit P&S projects they are involved in, and think hard of joining any of the other 30 or so which are on-going (Zaborowski 2013). Thirdly, again to Tomas Valasek's opinion, any P&S effort agreed upon should be first "covered" by an international treaty, transforming it into an actual political commitment where progress could be reassessed every year.

One positive example is the cooperation centred on the Grippen fighter aircraft, flying under the flags of Sweden, Czech Republic and Hungary. These three EU members have managed to cut life cycle cost of the aircraft by sharing parts that are stored and used for replacement. For instance, it only takes a week to have a full engine replaced and aircraft back in operation. On the NATO side, again a case in point of sharing is the "strategic airlift capability", where a particular resource in short supply – C 17 Globemaster III transport aircraft offered by the US – is shared by ten NATO-PfP countries. "Sharing" therefore can work.

However, for actual pooling to kick in, difficult issues of prioritization and specialization will need to be resolved first. This calls upon a real shift forward in thinking; countries giving up on national pride and stating how they will not produce equipment A or B, how they would rather specialize. This would in turn enable Europe to acquire the resources it needs in order to project its power abroad more efficiently, without constantly turning to the US for support. Given the EU record thus far, as P&S continues to be more about "sharing" than "pooling", such a scenario seems unlikely.

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